



School of
Management and Law

Introduction to Business 2019

SW 1: Exploring Management



Building Competence. Crossing Borders.

Semester Overview

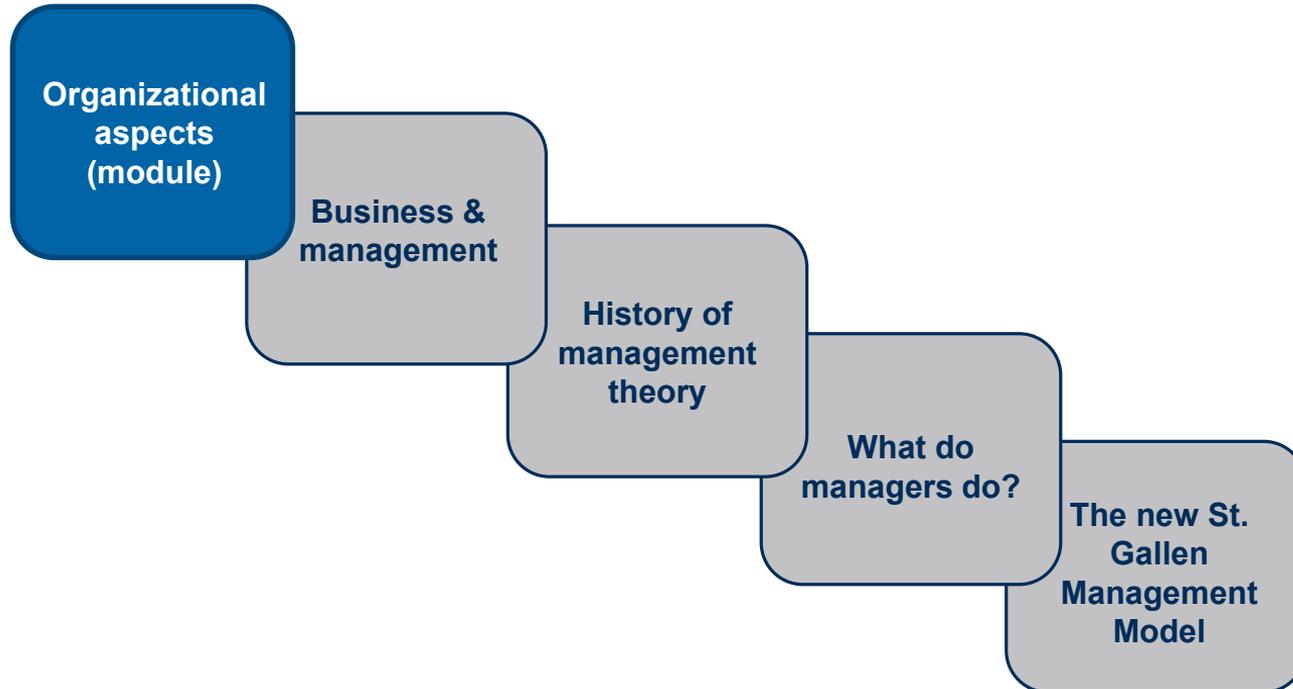
SW 1	Exploring Management
SW 2	Structuring Forces: Strategy, Structure, Culture
SW 3	Processes
SW 4	Strategic and Market-Oriented Management I: Strategy
SW 5	Strategic and Market-Oriented Management II: Marketing
SW 6	Strategic and Market-Oriented Management III: Case Studies
SW 7	Financial Management Processes I
SW 8	Financial Management Processes II; Innovation and Change
SW 9	Industry Sectors: Insurance, Banking, Finance; Public Sector
SW 10	Human Resource Management (HRM) I
SW 11	Human Resource Management (HRM) II; Case Studies
SW 12	Business Ethics; Corporate Social Responsibility
SW 13	Internationalization
SW 14	Exam Preparation

Learning Goals

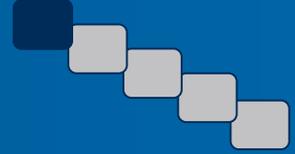
By the end of this session, students should be able to:

- Outline the meaning and the context of “management”,
- Outline foundations and principles of modern management theory, and relate them to the competing values framework,
- Explain the benefits and limitations of management models
- Explain the role(s) of managers in an organization, and discuss what managers do,
- Explain the New St. Gallen Management Model
- Apply the stakeholder matrix to analyze an organization’s stakeholders

Overview

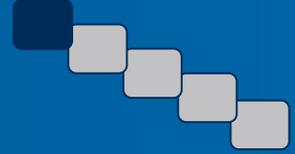


How do I prepare for class?



- Use the semester plan to get an overview of the topics (big picture).
- Read assigned readings and case studies in advance.
- Complete assigned tasks (detailed information can be found on Moodle)
- Review the e-learning material. Make notes. Ask questions.
- Visit Moodle on a weekly basis.
- Bring the Moodle handouts to class, e.g. on your tablet or notebook computer or as a paper printout.
- Bring your tablet or notebook computer to class.

What are the materials?



Moodle:

1. www.zhaw.ch → Moodle or www.moodle.zhaw.ch
2. Select «ZHAW» on the top right hand side → login (Login ZHAW)
3. Find the course «Introduction to Business» (w.BA.XX.2IBS-en.XX)» and enroll in it.

Semester program, activities:

- Please see Moodle for the semester program, assignments, news and the weekly course sections.
- Review the content on Moodle each week.
- E-Learning: Weekly sections include content such as videos (links), activities or a quiz, meant to help you review the week's topics and deepen your understanding.

Required literature

- Boddy, D. (2017). Management: An Introduction (7th ed). Harlow: Pearson.
- Learning materials (handouts, case studies, etc.) → Moodle

Module w.BA.XX.2IBS-en.XX - Introduction to Business Studies

Textbook:

Boddy, David

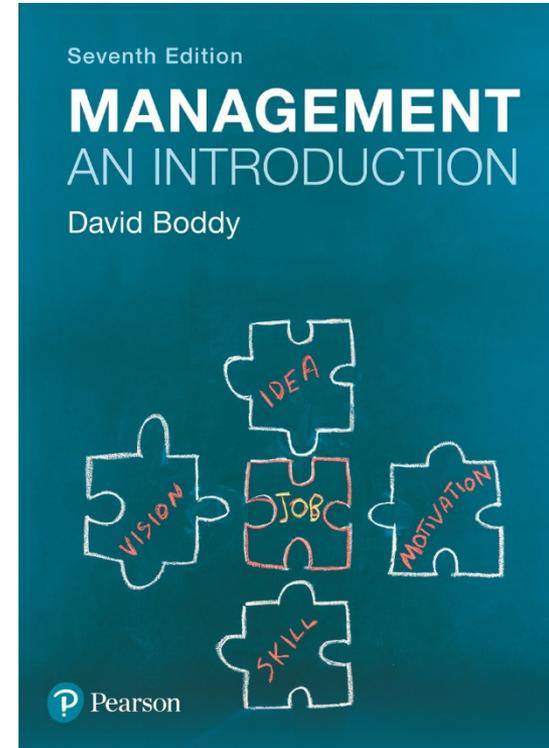
Management: An Introduction

7th edition, 2017

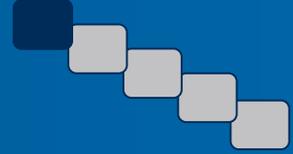
Hearlow: Pearson

ISBN-10: 1292088591

ISBN-13: 9781292088594



What performance assessments do I have to complete?



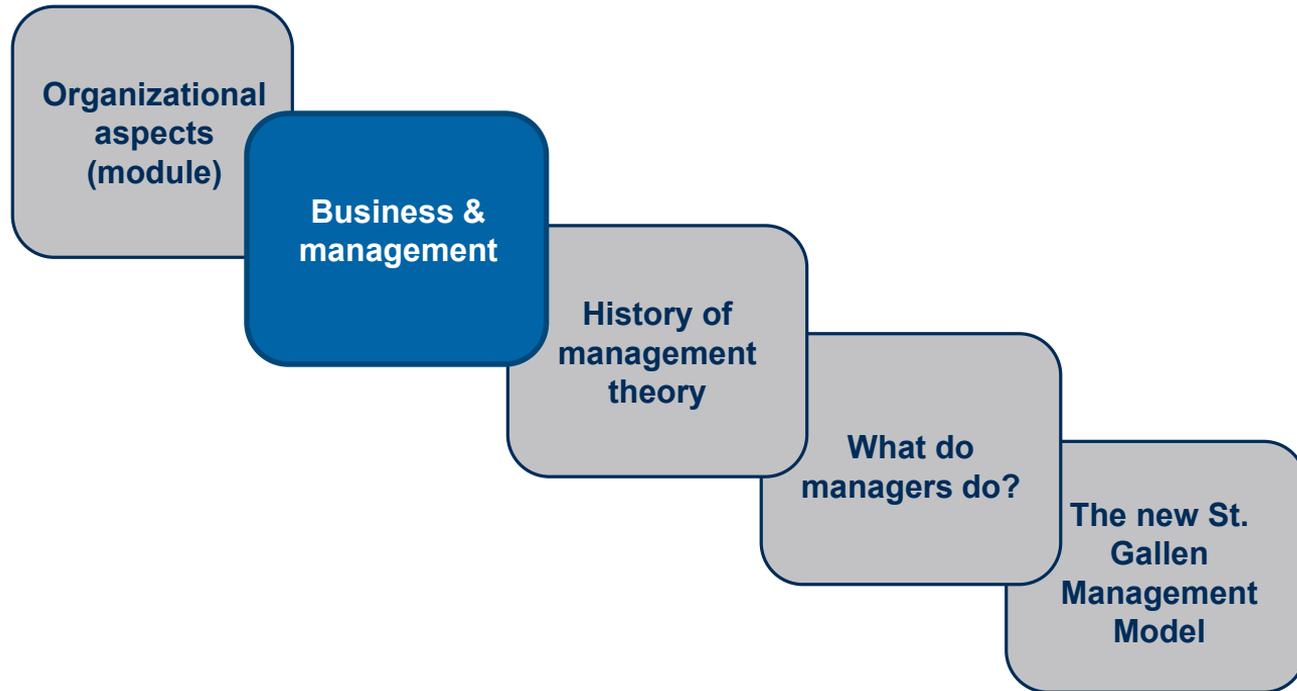
Business Profile (25%)

- The assignment is graded.
- Format: It is a written report that is produced in group work.
- Groups will be assigned by the instructor.

Final Examination (75%)

- Specified materials only
- Dictionary
- Approved calculator only
- Please see «Guidelines on Supplementary Materials» and other information provided by SML Student Services.
- The examination will cover everything in the course (class and self-study).

Overview



Activity: Business, management, models



Task: Take a moment to think about the following questions. Then discuss with your seat neighbor. Be ready to share your thoughts with the class.

- What is “business”? What are “business studies”?
- What is “management” and who engages in it?
- What is a model? How are models useful (or not)?

Activity: Business, management, models - Notes

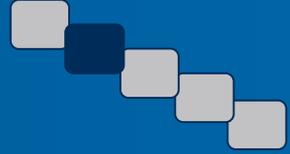


An *organization* is a social arrangement for achieving controlled performance towards goals that create value” (Boddy, 2017, p. 8). In a managed organization, managers create value by facilitating the transformation of inputs into outputs of greater value.

- Organization: See Boddy, 2017, Table 1.1 for examples
- “Value” can be seen as resource costs + transformation costs, but is also subjective concept.
- Inputs or production factors can be tangible and/or intangible resources. The outputs can also be tangible or intangible.

A *business* is an entity that offers products to customers to earn a profit. (Solomon et al., 2016). A non-profit or public sector organization’s focus may not be to earn a profit, but these organizations must also be managed, and the elements that comprise the internal and external contexts their managers face are similar to those of for-profit organizations. Business functions include e.g. purchasing, production, finance, HR, marketing, R&D

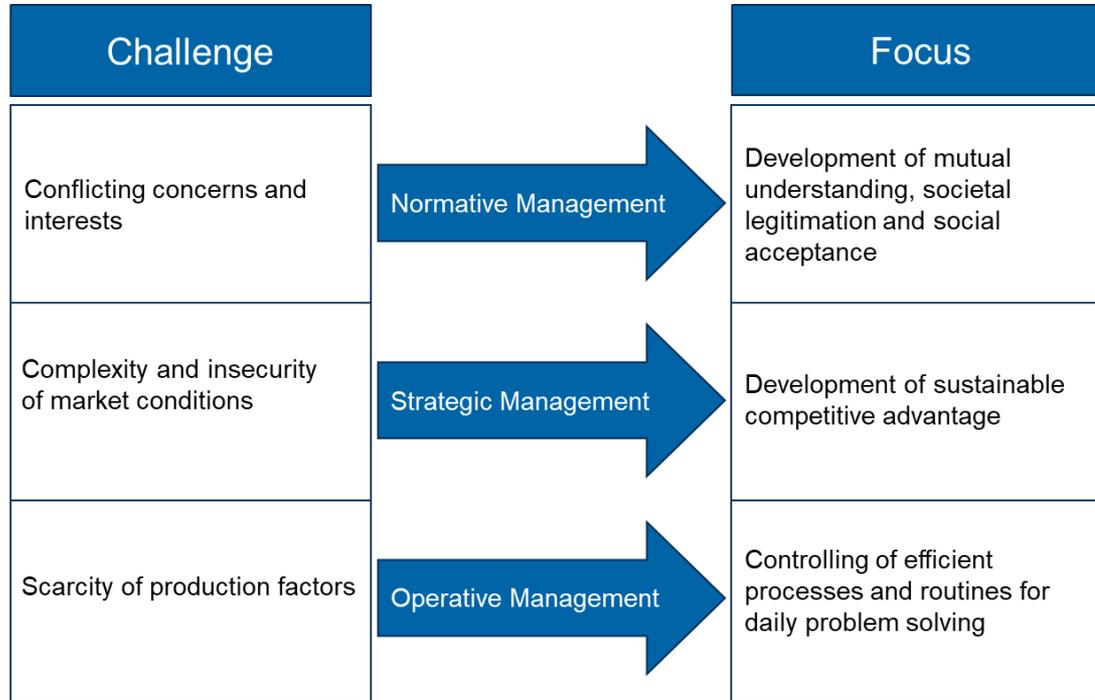
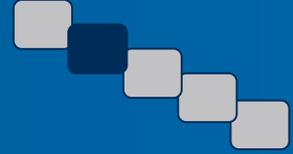
Activity: Business, management, models - Notes



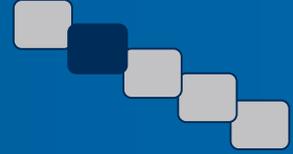
Management is something everyone engages in – a universal human activity.

- “Management is the activity of getting things done with the aid of people and other resources”.
(Boddy, 2017, p. 11)
- Management as a distinct role is created when human action is separated into a management and a work element.
- The tasks of management are often summarized as planning, organizing, leading, controlling.
(→ Look at the structure of your textbook (Boddy, 2017): Part 3 – Planning, Part 4 – Organizing, Part 5 – Leading, Part 6 – Controlling)
- Management models: See slide in SW1.

Dimensions of management



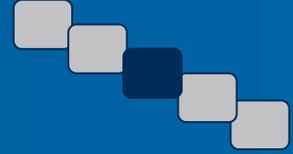
Specialization in management



- Functional specialization
 - Line managers
 - Staff managers
 - Project managers
 - Entrepreneurs
- Hierarchies



Overview



Organizational
aspects
(module)

Business &
management

History of
management
theory

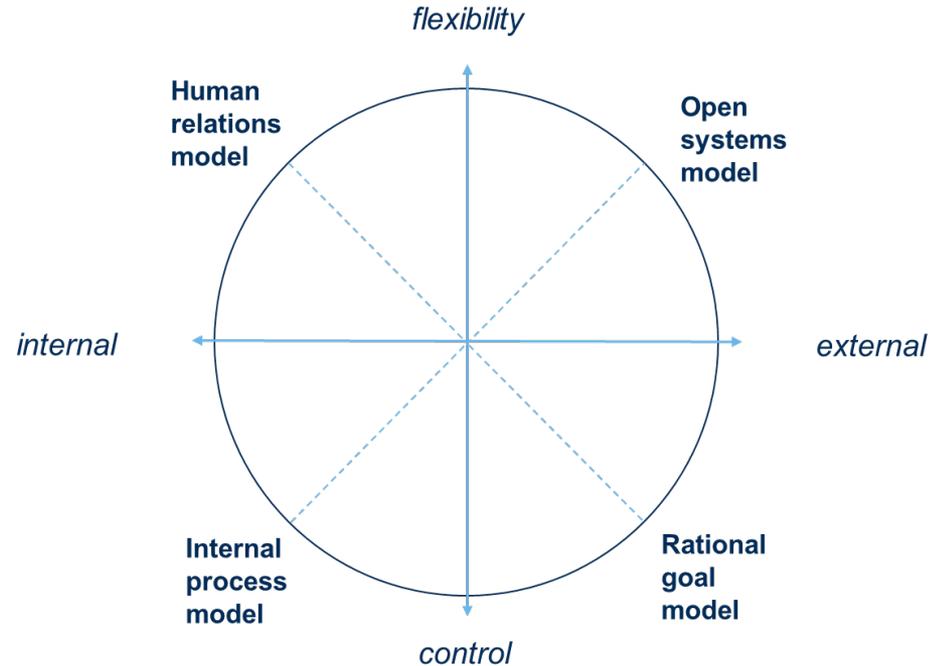
What do
managers do?

The new St.
Gallen
Management
Model

Models of Management



Competing values framework:



Models of Management



Where has the study of management come from? What are the contexts that have shaped our understanding of what management is?

Adam Smith (1723-1790)

Charles Babbage (1791-1871)

Frederick Winslow Taylor (1856-1915)

Henry Ford (1863-1947)

Rational goal model

Henri Fayol (1841-1925)

Max Weber (1846-1920)

Internal process model

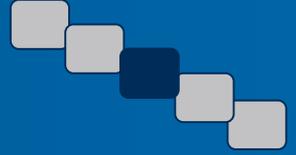
Elton Mayo (1880-1949)

Mary Parker Follet (1868-1933)

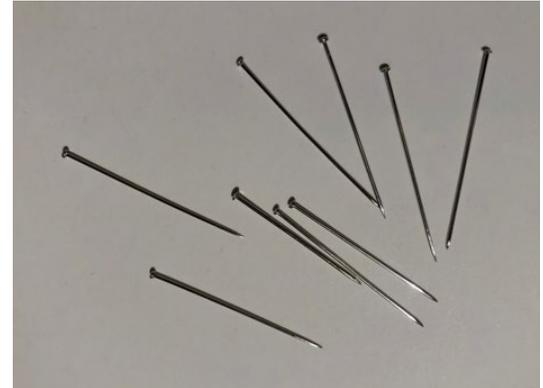
Human relations model

Open systems model

Rational Goal Models: Adam Smith



- **Adam Smith (1723-1790)** described in his book “The Wealth of Nations“ (1776) the way in which pin manufacturers had broken a job previously done by one man into several small steps
- Smith believed that specialization was one of the key ways in which the new industrial system was increasing the wealth of the country.



Rational Goal Models: Charles Babbage



- **Charles Babbage (1791-1871)** published his ideas on “Economy of Machinery and Manufactures” (1832). He analyzed the advantages of division of labor.
- Division of labor
 - Lowers training costs
 - Reduces labor costs because of lower salaries for unskilled workers
 - Saves the time of moving between jobs
 - Increases their specialized skills (they know more and more about less and less).

Rational Goal Models: Frederick Winslow Taylor



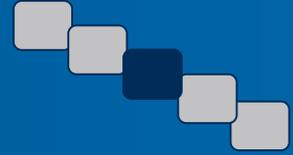
- **Frederick Winslow Taylor (1856-1915)** formulated in “Principles of Scientific Management” (1913) the problems of factory organizations.
- **By eliminating unnecessary motions time could be saved and output increased.**
 - Use scientific methods to find best way of doing a task
 - Select best person for the job
 - Train them to follow defined procedures
 - Provide financial incentives
 - Shift responsibility for planning from worker to the manager

Rational Goal Models: Henry Ford



- **Henry Ford (1863-1947)** founded the rational factory that runs like a machine.
- The **constant movement** and **the speed of the assembly line** forced the workers to move at the same pace (see Chaplin's movie "Modern Times").
 - Henry Ford wanted to realize Taylor's ideas. He copied the idea of the assembly line in a slaughterhouse and could reduce the time required to assemble a car from over 700 hours to 93 minutes.
 - Ford raised the wages of his employees by more than several hundred percent.
 - He believed that this would allow his workers to buy a Ford T model themselves.

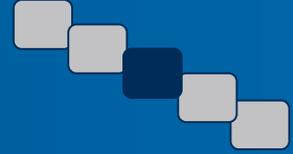
Internal Process Models: Henri Fayol



The French mining engineer **Henri Fayol (1841-1925)** devised **principles of management** that could be applicable to the entire organization.

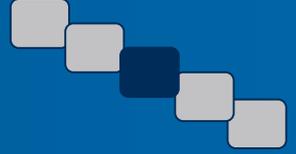
1. Division of work
2. Authority and responsibility
3. Discipline
4. Unity of command
5. Unity of direction
6. Subordination of individual interests to general interests
7. Payment of personnel
8. Centralization
9. Line of authority
10. Order
11. Equality
12. Job security (for good workers)
13. Initiative
14. Esprit de corps

Internal Process Models: Max Weber



- The German social historian **Max Weber (1846-1920)** observed that **bureaucracy brought routine to office operations** just as machines had to production.
- Weber's principles for organizing bureaucracy:
 - **Rules and regulations:** to guide behavior
 - **Impersonality:** to protect against favoritism
 - **Division of labor:** jobs are easy to learn
 - **Hierarchy:** reflecting power to make decisions
 - **Authority:** structure that ties systems together
 - **Rationality:** managers should use most efficient methods to achieve objectives

Human Relations Models: Elton Mayo



Elton Mayo (1880-1949) helped to lay the foundation for the Human Relations Movement as part of Hawthorne Studies at Harvard Business School.

The outcomes of the study advanced the idea that **managers who understand the nature of informal ties among workers can make decisions for management's benefit.**

Mayo concluded that **people's work performance is dependent on both social relationships and job content.**

Human Relations Models: Mary Parker Follet

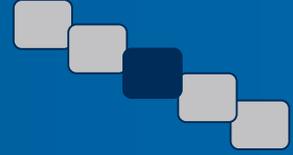


In 1920 **Mary Parker Follet (1868-1933)**, a graduate of economics, law and philosophy at Harvard **noticed that repetitive tasks under close supervision devalued human creativity.**

The human side should not be separated from the mechanical side, as they are interrelated.

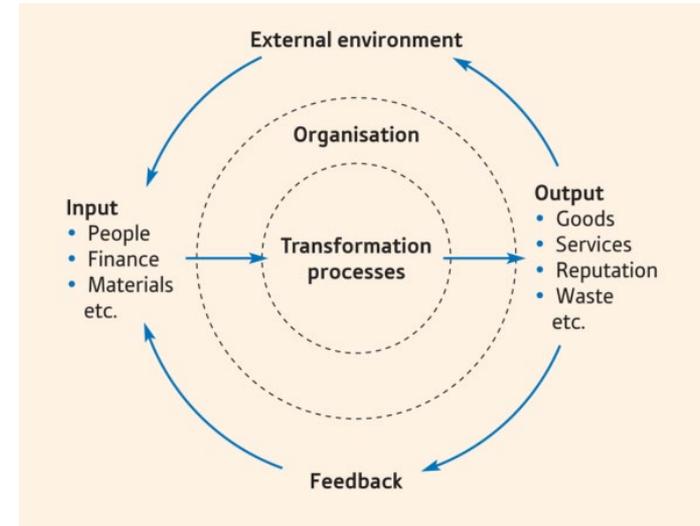
- Managers should not manipulate their subordinates but train them in using power responsibly.
- Managers should give workers a chance to grow capacity or power for themselves.

Open Systems Models



The organization is not just a system, but an **open system that interacts with its environment.**

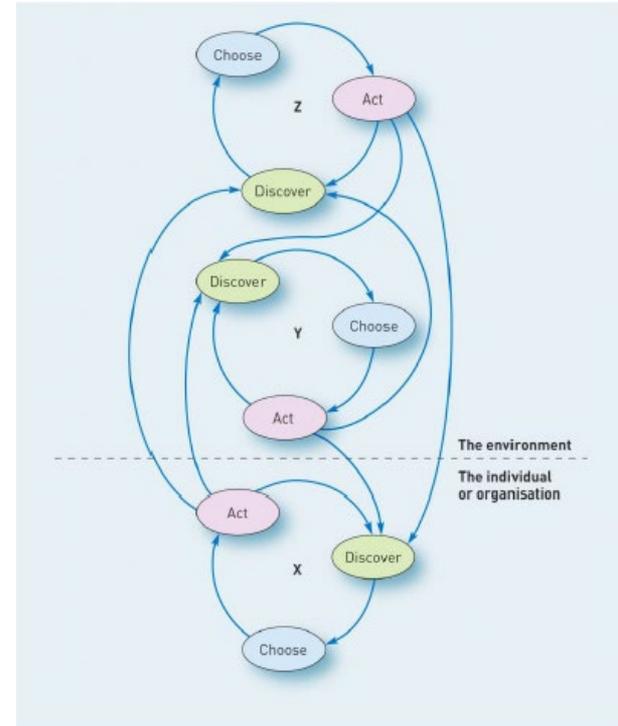
- System boundary
- Feedback
- Sub-systems



Open Systems Models: Complexity Theory

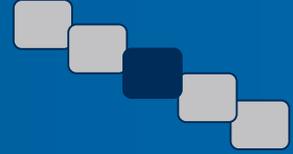


- Complexity Theory is concerned with complex dynamic systems that have the capacity to organize themselves spontaneously.
- Companies **learn and adapt** from their **internal experiences** and their **interactions with the external environment**.



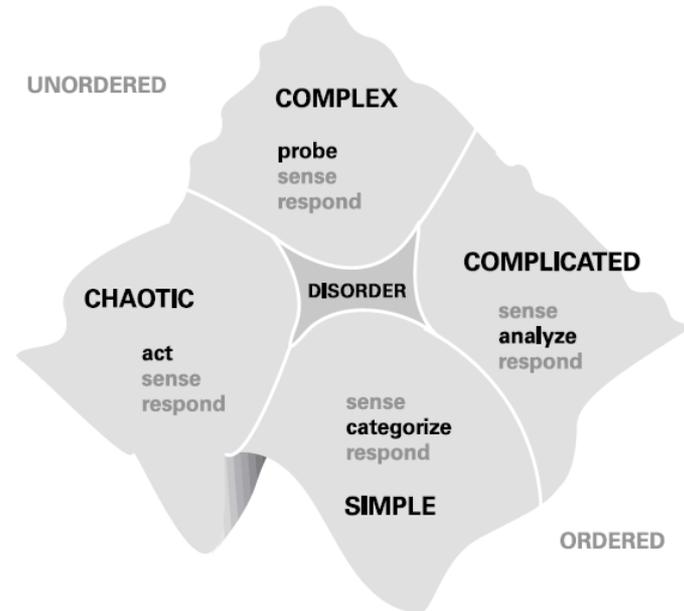
Source: Boddy, 2014, p. 59

Management and Decision Making Problems



Cynefin framework

(pronunciation: ku-nev-in (Welch))



The importance of management models



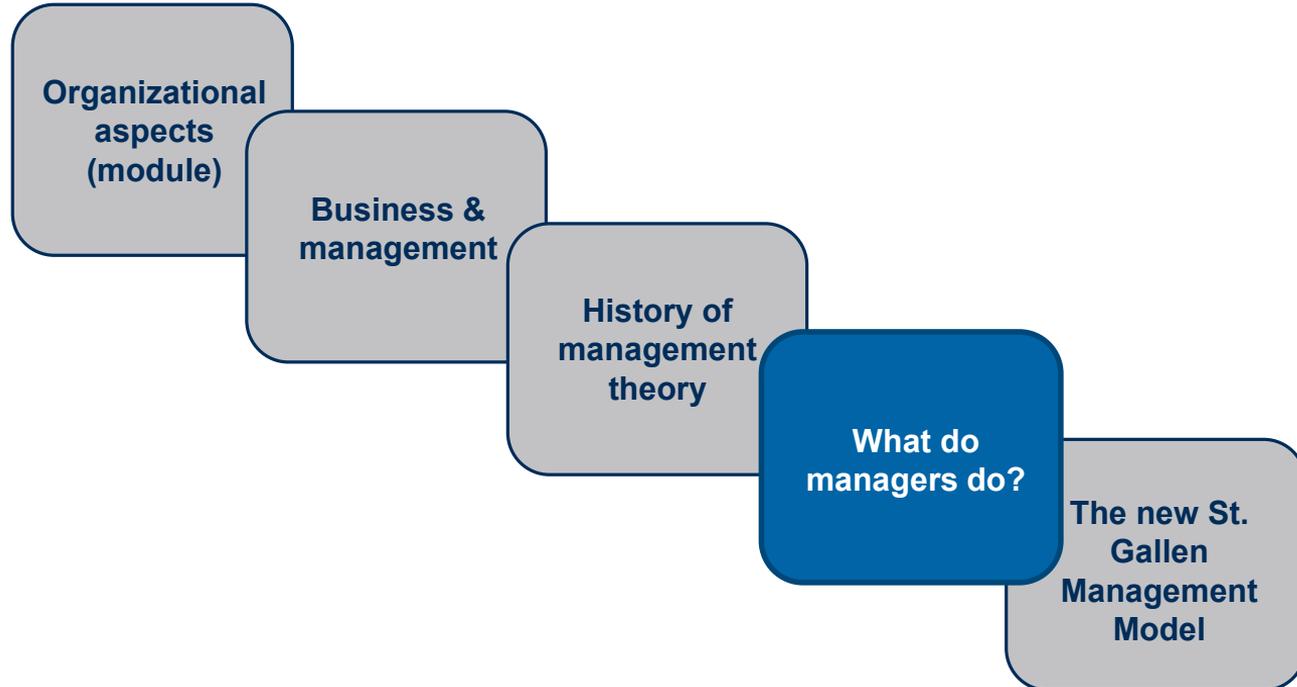
A management model is similar to a map. Every map uses symbols that represent certain aspects of the depicted terrain. Maps are orientation aids. They do not specify what we must do. We must decide ourselves which route to follow.

A map adapted to the problem can facilitate this process. There are different types of maps: street maps, topographic maps, political maps, tourist maps, etc.

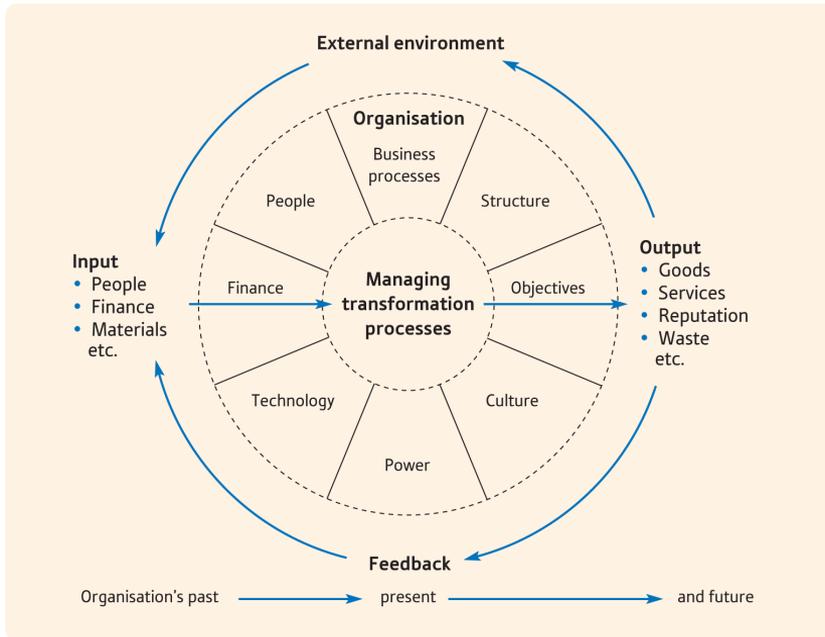
Management models help us to:

- Reduce complexity
- Establish a framework and illustrate complicated relationships
- Structure organizational communication (focus)
- Give common language that strengthens an organization's collective ability to act

Overview



Context of management

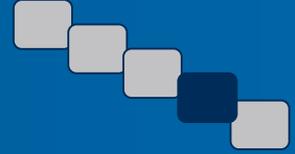


Internal elements

External elements

Time elements

Minzberg on Management



https://www.youtube.com/watch?v=_NRWtd_SiU8

What do managers do?



- **Henry Mintzberg (1939)**: 10 management roles → Also: Boddy, 2017, Table 1.2, p.17

Informational	Interpersonal	Decisional
<ul style="list-style-type: none">• Monitor• Disseminator• Spokesperson	<ul style="list-style-type: none">• Figurehead• Leader• Liaison	<ul style="list-style-type: none">• Entrepreneur• Disturbance handler• Resource allocator• Negotiator

- **Rosemary Stewart (1924 – 2015)** → Also: Boddy, 2017, “Key ideas” p. 16
"A Model for Understanding Managerial Jobs and Behavior" (1982)

Description of managerial jobs in 3 categories:

Demands: What anyone in the job has to do.

Constraints: Factors that limit what the jobholder can do.

Choices: Activities that the jobholder can do, but does not have to do.

What do managers do? What should managers do?

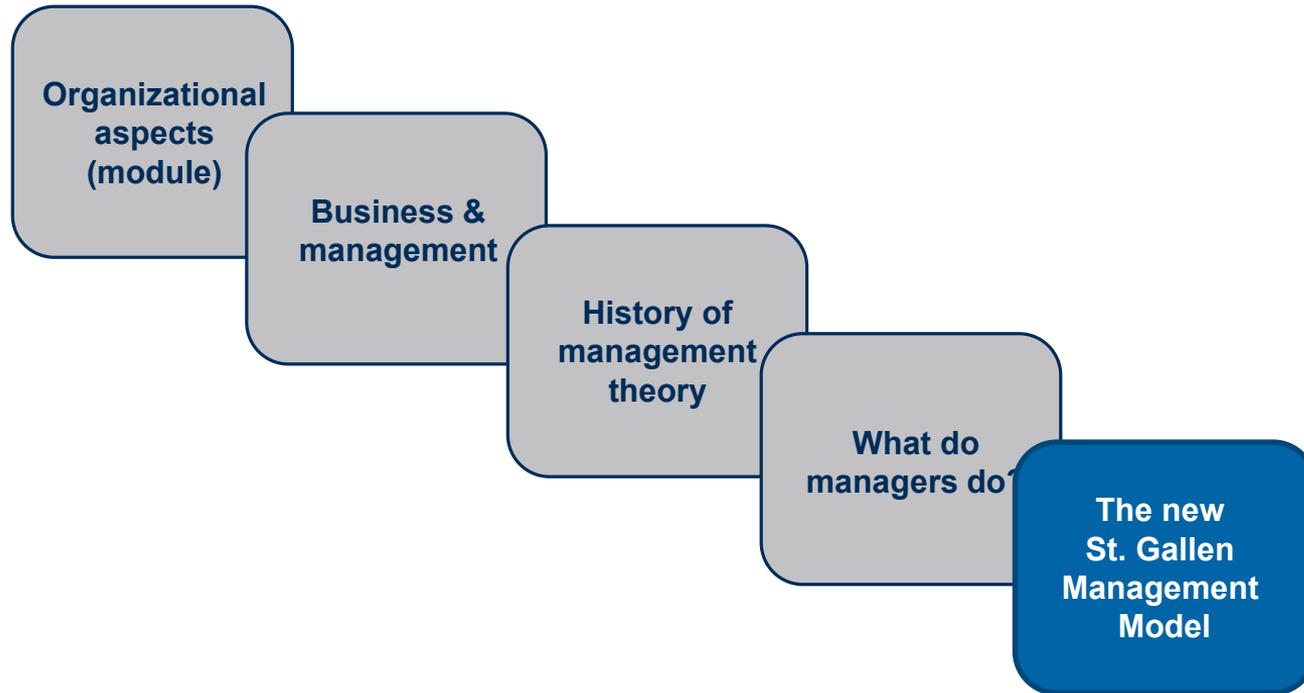


- **Peter Drucker (1909 – 2005)** – 39 books on management, e.g.
"The Practice of Management" (1954)
"Management: Tasks, Responsibilities, Practices" (1973)

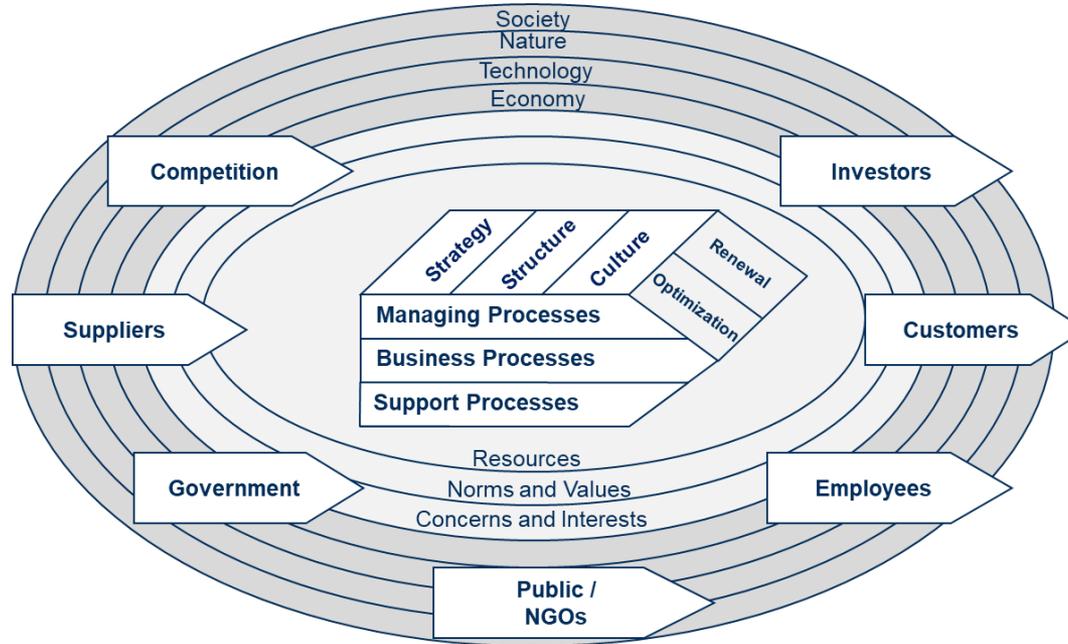
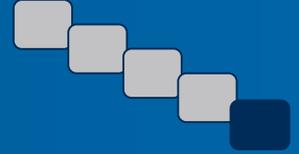
Summary of Drucker's Ideas About Management and Its Responsibilities

1. Management is a distinct and Important function that determines the viability and success of the firm.
2. The managerial task, though amenable to scientific analysis, is practice-oriented. Management education enhances and sharpens managerial skills.
3. The managerial task combines creative and adaptive components.
4. There are two entrepreneurial dimensions to management: marketing and innovation. Marketing focuses on identifying customers. Innovation centers on creating products, goods, systems, processes, and services. It also requires acquiring and honing the skills necessary to develop products, services, etc.
5. Managers should follow a systematic decision-making process that focuses on: defining the problem, developing alternatives, examining the merits and shortcomings of these alternatives, selecting the approach to be followed, implementation, and using feedback.
6. Managers are responsible for building the organization and integrating its different functions.
7. Managers are responsible for developing and leading knowledgeable workers.
8. Integrity is the hallmark of managerial character. Along with integrity comes a sense of accountability.

Overview

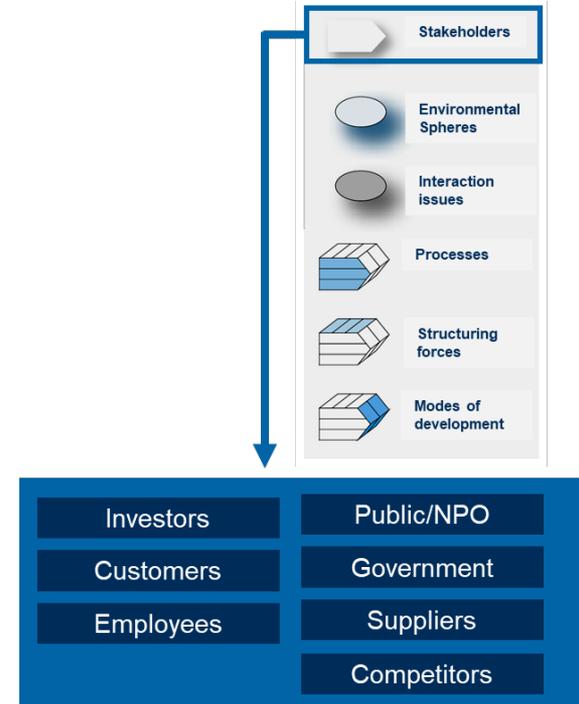


The new St. Gallen management model

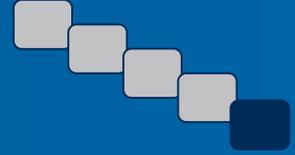


Stakeholders

- **Stakeholders** are organized or non-organized groups of people, institutions, that are **affected** by the **company's value-creating activities** and sometimes by value-destroying activities.
- The issues in the relationship between stakeholders and business define the **interaction issues**. The manner in which the firm communicates with its stakeholders depends upon these **issues**.



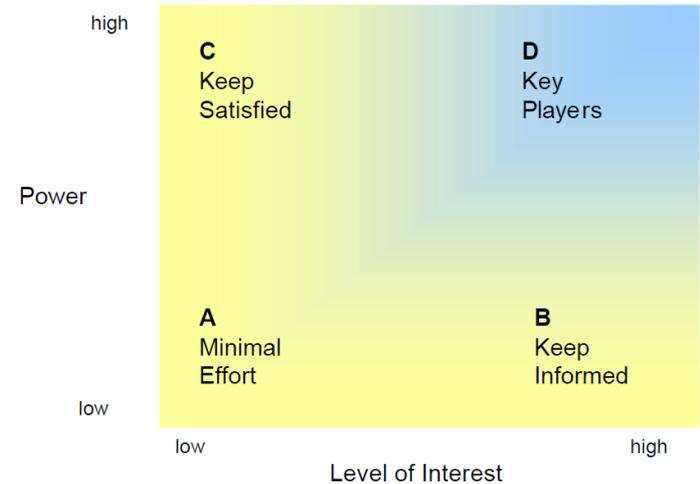
Stakeholders: Power / interest matrix



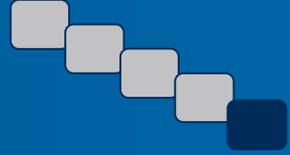
The **power/interest matrix** is a useful tool for **evaluating the expectations** and the **impact of particular stakeholders**.

It analyses the following questions:

- How much influence do stake-holders have to get others to act?
- How much interest do the stakeholders have in issues relevant to the company / how much attention do they pay?



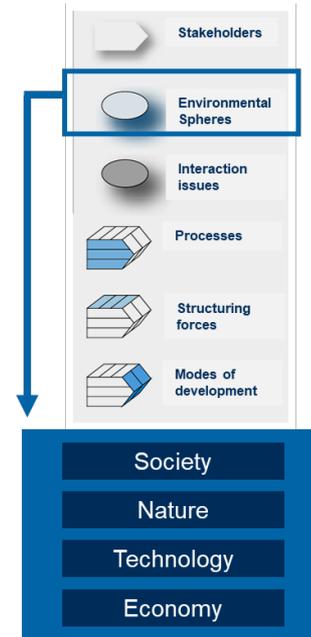
Stakeholders: Power / interest matrix



- D Stakeholders with high power and high interest (key players)
 - C Stakeholders with high power and low interest (keep satisfied)
 - B Stakeholders with low power and high interest (keep informed)
 - A Stakeholders with low power and low interest (minimal effort)
-
- The position of stakeholders on the matrix can change with time and/or the issue at hand.
 - An individual can belong to more than one stakeholder groups (e.g. an employee who lives in the neighborhood of a company plant and is a member of a society for the prevention of cruelty to animals).

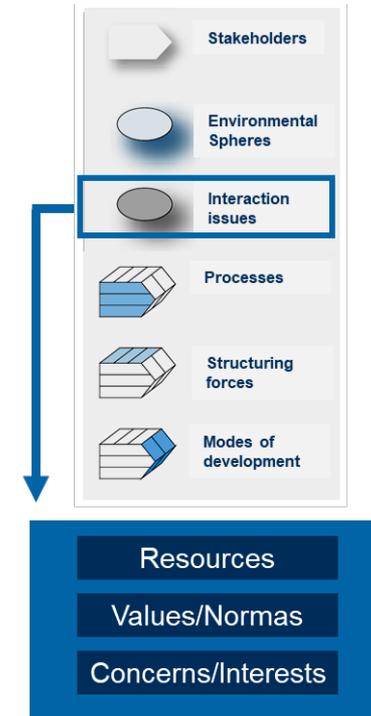
Environmental Spheres

- Organizations depend on the external environment: a constantly changing source of threats and opportunities.
- Managers do not passively accept their external environment, but actively shape it by persuading governments and other agencies to act in their favor.
- The St. Gallen Management Model distinguishes among four environmental spheres: **society**, **nature**, **technology** and **economy**.



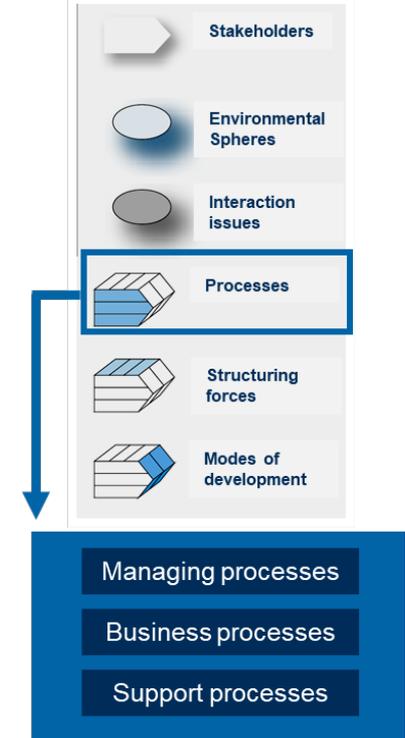
Interaction issues

- **Interaction issues** refer to **what stakeholders bring to the company, what they give company access to, or what of the company they dispute.**
- **Interaction issues** refer to the issues which a firm must tackle.
 - Intangible **personal and cultural elements** (concerns, interests, norms and values)
 - Tangible **material elements** (resources)



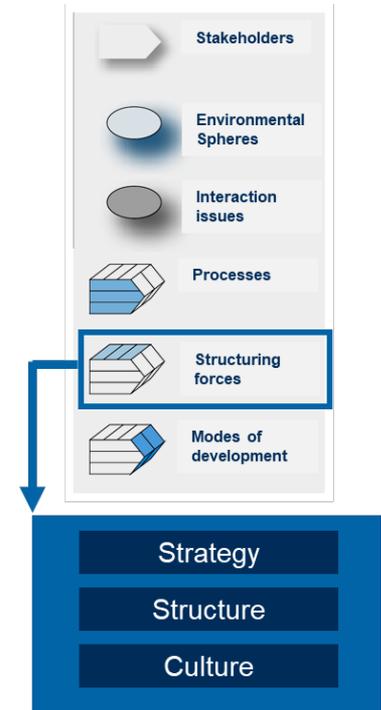
Processes

- The SGMM sees an **enterprise as a system of processes** (routine processes that shape the everyday business). The better these processes are optimized, the greater the chance of success for the enterprise.
- Porter (1985) differentiates between **primary activities**, which directly contribute to customer benefit, and **supporting activities** which support the fulfillment of primary activities.
- **Value-adding activities** in a firm can generally be classified in three broad categories of **significant processes**:
 - Management processes
 - Business processes
 - Support processes.



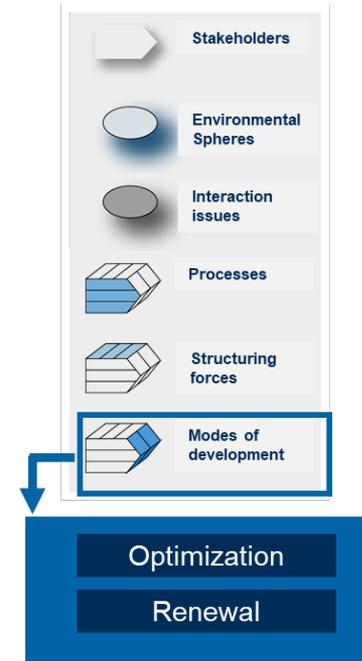
Structuring Forces

- The day-to-day life of a company depends of a range of processes, which require **orientation and meaning**.
- Structuring forces include **strategy**, **structure** and **culture**.
- They provide orientation and meaning for the company.



Modes of development

- The development modes describe the various types of development a company can undergo.
- **Optimization** = continuous fine-tuning within given structures
- **Renewal** = fundamental change of a pattern, involving change to the ways of thinking, behavioral patterns and organizational routines.



Preparation for next week

Review SW 1

- Read Chapters 1, 2 and 7.4 in Boddy
- Review SW 1 e-learning material on Moodle
- Read assignment “Business Profile” and begin familiarizing yourself with the company assigned to your group

Preparation for SW 2

- Read Chapter 3 in Boddy
- Read Chapter 10 in Boddy
- Read the case study (Moodle)

List of references

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